

# 2011 City of Clarkston Millage Rate Proposal



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Information presented to the Clarkston Mayor and City Council for the purpose of considering a proposed 2011 millage rate

The City of Clarkston

3921 Church Street  
Clarkston, GA 30021  
June 7, 2011

## **2011 Millage Rate**

The City of Clarkston has received our first Valuation reports from DeKalb County in preparation for the millage adoption process. Generally in past years, the Cities have had 6-8 weeks to prepare, discuss, meet and adopt a millage rate. Due to tremendous increase in activity involved in establishing the digest, primarily as a result of the high number of property reassessments and appeals, we have just now received the tax digest numbers from DeKalb County. As a result, the timeframe has been compressed for the 2011 Millage process. DeKalb has requested that our final millage rate setting process be concluded and the results transmitted before **July 1, 2011**. To accomplish this, the Council will need to discuss and propose a millage rate, at either the **June 7<sup>th</sup>** Council Meeting or hold a Special Called meeting on **June 9<sup>th</sup>**. If a decision to establish a proposed millage rate is not made on June 7<sup>th</sup>, we will have to request that DeKalb County extend the deadline. Two separate schedules for Millage adoption have been included later on in this document for illustration purposes.

The current projected Clarkston Net Tax Digest is **\$76,204,429**. (This amount may alter slightly as new updates are sent to the City). In comparison, the 2010 Net Tax Digest for Clarkston was **\$91,061,068**. The calculated rollback millage rate for 2011, the rate the city would need to adopt in order to receive the same tax amounts as last year, is **13.684**. The rollback millage rate is higher than the 2010 adopted millage rate of **11.313** mills as a result of the revaluation of the tax digest. The current 2011 revaluation is **\$15,974,126** less (negative change) than the previous year. In other words the net tax digest decreased from what it was in 2010 in large part due to the increase and inclusion of foreclosures, bank sales, and re-assessment of properties taking into consideration the overall lower fair market value rates.

### **Suggested Consideration for Proposed Millage Rate**

After reviewing the DeKalb County Tax Digest numbers for the City of Clarkston and the current 2011 Budget, I propose that the City Council consider advertising a millage rate of **14.00 mills** for publishing and discussion purposes. Please keep in mind that the Council is not required to adopt the proposed millage rate advertised. However, there are revenue assumptions in the 2011 budget that I note are under performing at this point. Additionally, some costs associated with the Milam Park Family Aquatic Center project, were not included in the 2011 budget. Given the forgoing reasons, I feel it would be prudent to maintain some flexibility in setting the final millage rate in order to ensure that the City can fully fund its budget for 2011.

## **Process for Millage Adoption**

### **Council must vote to propose a millage rate**

The Council must vote for a proposed millage rate. This is the millage rate that will be advertised for public information. The proposed millage is not necessarily the same as rate the Council may ultimately adopt. The final millage rate adopted can be the same as the proposed (advertised) rate or lower than the proposed rate. The final millage rate adopted by Council **cannot** be higher than the proposed (advertised) millage rate.

### **Council must hold Public Hearings**

The Council must hold three public hearings if their proposed millage rate is higher than the previous year's millage rate. The purpose of the meetings is to take public comment on the millage rate for consideration in setting the final adopted rate. There must be one week between the public hearings. Two meetings can be held on the same day with one starting prior to noon and the other meeting required starting time between 6-7 p.m.

### **Council Adopt Millage Rate**

After the conclusion of the final Public Hearing, the Council will vote to adopt the final millage rate for 2011.

### **Advertising Requirements**

During the Millage Adoption Process there are advertising requirements the City must comply with. The Legal Organ for DeKalb County is the Champion Newspaper and they have a deadline of noon on Thursdays for the advertisement to run in the following Thursday issue.

- "5 Year History" must be published at least two weeks before the final adoption of the 2011 millage rate.
- A "Notice of Property Tax Increase" must be published at least one week before each hearing.
- Simultaneously with this notice, the recommending authority or levying authority shall provide a press release to the local media.
- The advertisement for the Public Hearings shall appear at least one week prior to each hearing.

### General Millage Information

- **Millage Rate:** The amount of tax charged for every \$1,000 of value. (a.k.a. property tax rate) So, if the rate is *6 mills*, then you would owe 6 dollars for every \$1,000 of the *assessed* value for your house.

- **Tax Digest:** The value of all the property in an area. (Note: This figure is generally given at 40% of its market value, which is sometimes called the “40% assessed value.” That is why on your property tax bill – the “gross assessed value” is about 40% of the fair market value.)

- **Assessed Value:** The amount your property is estimated to be worth. Like the tax digest, you might be looking at the 40% number, so check for that.

- **Property Tax Freeze:** Locally, some governments including DeKalb) have “frozen” all home values until the property sells to someone else. That means if your property value goes up, the value you are taxed on does not. (Note: A law passed in 2009 also made this happen statewide.)

- **On January 1, 2000**, State law added a new definition on taxes called the “rollback rate.”

- The **rollback rate** is defined as last year’s millage rate minus the amount needed to make assessment increases result in no new revenue.

- As an example ---

- If last year’s rate was 10.00 mills....

- And reassessments were worth 0.10 mills....

- The *rollback rate* would be  $10.00 - 0.10$  or 9.9 mills.

- According to the new definition that would be a

1.01% increase above the *rollback rate*.

- In 2009, 2010 and again in 2011 there was a new situation in calculating the rollback rate that had never happened before to the extent it has now. The tax digest value went **down**, so the rollback rate is now a *negative* number. For the same tax revenue to be received this year, a higher millage rate must be charged.

- Everyone knows that housing prices have taken a tremendous hit over the past three years.
- An independent body (*The Board of Tax Assessors*) determines how much your house is worth.
- Up until 2009, that group could *not* use foreclosure sales in determining the value of your property. (\*)  
*In April 2009, that State law was changed.*
- Also, another state law *froze your property value*, so unless it sells, the value will not be increased.  
*DeKalb was already doing this for homeowners and in 2010 and 2011 extensive revaluation of properties has meant that many homeowners have seen their property value decreased to take into account the reduction in home values as a result of foreclosures and bank sales. This decrease in property values also means a decrease in expected tax revenues to the City.*

### **Schedule for Millage Adoption**

It would be preferable to complete the process within the DeKalb County deadline of July 1, to ensure there are no difficulties with our tax collection process. If the Council can agree on a proposed a millage rate at the Council Meeting, I feel we can move forward with an effective Public Hearing process. While this is a short timeframe, I know we have the expertise and commitment of an experienced City Council to meet this challenge.

<b>Millage Adoption Timeline</b>	<b>Millage Adoption Proposed Schedule</b>	<b>Millage Adoption Alternate Schedule</b>
<b>Council Vote Proposed Millage Rate</b>	Tuesday, June 07, 2011	Thursday, June 09, 2011
<b>Submit Proposed Millage rate to Champion News: 5 year History, Notice Property Tax Increase, Press Release, Public Hearing Ad (1st Meeting)</b>	Thursday, June 09, 2011	Thursday, June 16, 2011
<b>Champion Ads Publish</b>	Thursday, June 16, 2011	Thursday, June 23, 2011
<b>Submit Proposed Millage rate to Champion News: Notice Property Tax Increase, Press Release, Public Hearing Ad (2nd &amp; 3rd Meetings)</b>	Thursday, June 16, 2011	Thursday, June 23, 2011

<b>Millage Adoption Timeline</b>	<b>Millage Adoption Proposed Schedule</b>	<b>Millage Adoption Alternate Schedule</b>
<b>1st Public Hearing - 7:00pm</b>	Thursday, June 23, 2011	Thursday, June 30, 2011
<b>Champion Ads Publish</b>	Thursday, June 23, 2011	Thursday, June 30, 2011
<b>2nd Public Hearing - 10:30am</b>	Thursday, June 30, 2011	Thursday, July 07, 2011
<b>3rd Public Hearing - 7:00pm</b>	Thursday, June 30, 2011	Thursday, July 07, 2011
<b>Final Millage to DeKalb County</b>	Friday, July 01, 2011	Friday, July 08, 2011